



Michigan  
Office of the Auditor General  
**REPORT SUMMARY**

Management Letter

Report Number:  
071-0152-13M

Michigan Public School Employees' Retirement System

Fiscal Years Ended September 30, 2012 and September 30, 2011

Released:  
March 2013

*The management letter is used to report significant deficiencies in internal control over financial reporting and other matters that come to the auditor's attention during the completion of the financial audit conducted in accordance with generally accepted government auditing standards. This management letter is being issued in conjunction with our financial audit of the Michigan Public School Employees' Retirement System (MPSERS).*

**Financial Statements:**

**Auditor's Report Issued**

We have audited MPSERS's basic financial statements as of and for the fiscal years ended September 30, 2012 and September 30, 2011 and have issued a separate report thereon dated December 29, 2012. We issued an unqualified opinion on MPSERS's financial statements.

~ ~ ~ ~ ~

**Internal Control Over Financial Reporting**

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we did identify a significant deficiency (Finding 1).

The Office of Retirement Services and Financial Services, within the Department of Technology, Management, and Budget (DTMB), did not have sufficient controls to ensure that they properly recorded MPSERS's financial activity (Finding 1).

~ ~ ~ ~ ~

**Noncompliance and Other Matters Material to the Financial Statements**

We did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under *Government Auditing Standards*.

~ ~ ~ ~ ~

**Agency Response:**

Our management letter includes 1 finding and 1 corresponding recommendation. DTMB's preliminary response indicates that it agrees with the recommendation.

~ ~ ~ ~ ~

**Background:**

MPSERS is a cost-sharing, multiple-employer, Statewide, defined benefit public employee retirement plan governed by the State and operating under the provisions of Act 300, P.A. 1980, as amended. MPSERS's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees.

In addition, MPSERS's other postemployment benefits plan provides all retirees with the option of receiving health, dental, and vision coverage under the Michigan Public School Employees' Retirement Act. There are 711 participating employers. By statute, employees of K-12 public school districts, public school academies, district libraries, tax-supported community colleges, and seven universities may be members.

~ ~ ~ ~ ~

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General  
201 N. Washington Square  
Lansing, Michigan 48913

**Thomas H. McTavish, C.P.A.**  
Auditor General

**Scott M. Strong, C.P.A., C.I.A.**  
Deputy Auditor General